

# Financial Statements

## Farmland Reserve UK Limited

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For the year ended 31 December 2014

Charity number: 274605

Registered number: 1332670

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## Company Information

For the year ended 31 December 2014

<b>Trustees</b>	D M Sleight  T N Jones (appointed 2 October 2014)  B M Conway (appointed 10 September 2015)
<b>Company registered number</b>	1332670
<b>Charity registered number</b>	274605
<b>Registered office</b>	Manor Farm Church End, Woodwalton Huntingdon Cambridgeshire PE28 5YU
<b>Company secretary</b>	B J Garlic (appointed 2 October 2014) J L Knight (resigned 16 June 2015)
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants Colmore Plaza 20 Colmore Circus Birmingham West Midlands B4 6AT
<b>Bankers</b>	Natwest 92 High Street Huntingdon PE29 3DT
<b>Solicitors</b>	Devonshires Salisbury House London Wall London EC2M 5QY

## **Report of the trustees (incorporating the strategic report)**

### **For the year ended 31 December 2014**

The Trustees, who are also directors for the purposes of the Companies Act of the company (The Charity), present their annual report together with the audited financial statements of Farmland Reserve UK Limited and its subsidiaries (The Charity and The Group) for the year ended 31 December 2014. The Trustees confirm that the financial statements of The Charity and The Group comply with the current statutory requirements, the requirements of The Charity's and The Group's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

#### **Directors and trustees**

The Trustees serving during the year and subsequent to the year end and up to the date of signing the report were as follows:

D M Sleight  
M E Knight  
P C Genho (resigned 2 October 2014)  
T N Jones (appointed 2 October 2014)  
B M Conway (appointed 10 September 2015)

None of the Trustees have qualifying third party indemnity insurance.

#### **Area controller**

Will Evans

#### **Structure, governance and management**

##### **• Governing document**

The Charity continues to be both a limited company and a registered charity. In conjunction with this, The Charity is governed by its Memorandum and Articles of Association which were last amended on 22 November 2011.

##### **• Appointment of Trustees**

As set out in the Articles of Association, new or additional trustees are to be appointed by the shareholder (Farmland Reserve, Inc.) or by decision of the Trustees, providing such persons are willing so to act either to fill a vacancy or as an additional trustee.

##### **• Trustee induction and training**

New trustees undergo an orientation day to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the business plan and recent financial performance of The Charity.

During the orientation day they meet key employees and other trustees. Trustees are updated and advised on legal issues by Devonshires solicitors.

## Report of the trustees (incorporating the strategic report) (continued)

For the year ended 31 December 2014

### • Organisation

The sole shareholder of The Charity is Farmland Reserve, Inc. a non-profit corporation based in Utah, USA.

Direction is channeled to The Charity via the shareholder and is reflected in the various department budgets/plans which are reviewed by the Trustees annually.

Within this framework, the board of trustees administers the affairs of The Charity. The Trustees monitor progress and achievements throughout the year and other trustee meetings are held as necessary.

### • Related parties

No donation (2013: £nil) has been made from The Charity to a sister charity, the Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints, during the year.

The Charity holds 100% of the share capital of its subsidiary companies, AgReserves Limited and Anderson Farm (Buckworth) Limited.

### • Risk management

The Trustees have assessed the major risks to which The Charity and the group are exposed, in particular those related to the operations and finances of The Charity and the group, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

### • Employees

The Charity has the policy of ensuring that its employees are those that are able to meet the necessary requirements of their position and are up to date on any developments required for their position. This is achieved in a variety of ways:

- Applications for new positions in The Charity are invited from anyone with the relevant qualifications – the key emphasis is on their ability to meet the requirements of the position although the application form does request the applicant to mention if they have any illness or medical condition which the employer would need to be aware of in order to make reasonable adjustments should they be successful.
- The Charity utilises regular staff meetings during the year which help to ensure that the employees' input is received regarding any decisions which affect their interests. In addition, there are websites and e-mail facilities available to enable more effective communication and training. This helps to ensure that employees receive systematic updates on matters concerning them as employees and ensures their involvement in relation to the financial and economic factors that affect the performance of The Charity.
- In addition to the above points, The Charity is mindful of the need to cater for those with disabilities. Where any employees become incapacitated during their employment they are entitled to receive long-term disability benefits from The Charity. Where an employee becomes disabled but not incapacitated the employer will make any reasonable adjustments necessary. The same opportunities are available to all staff, irrespective of disability. The key emphasis is on the technical ability of each employee.

## Report of the trustees (incorporating the strategic report) (continued)

For the year ended 31 December 2014

### Objectives and Activities

#### • Objectives and principal activities

The object of The Charity is:

*To promote and further the religious and other charitable work of The Church of Jesus Christ of Latter-day Saints in the United Kingdom and elsewhere and to assist members and other persons who are in conditions of need, hardship, sickness and distress, to all ages and denominations.*

The Trustees have determined to retain a portion of reserves for future possible agricultural land acquisitions, and to utilise a significant portion as a charitable grant in furtherance of The Charity's aims and purposes, which are to further the religious and other charitable work of The Church of Jesus Christ of Latter-day Saints.

The Charity will support charitable organisations, trusts, associations or institutions formed for any of the charitable purposes included in the Objects, through the provision of sponsorship, grants or other financial or in kind contributions.

In 2012 the Trustees considered various alternatives, including donations to various charitable organisations within the UK and internationally. Trustees met with representatives of The Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints ("CPB") regarding the possibility of making a significant donation to support CPB building projects for religious purpose buildings which CPB and the Church have approved in various nations. The Trustees reviewed the manner in which these projects were identified and approved by internal Church committees, the nature of the projects and their religious and charitable purposes, the infrastructure and controls that CPB has in place regarding the implementation of these projects. The Trustees came to the conclusion that making a significant donation to CPB was consistent with the aims and purposes of The Charity. During 2012 it made the donation of £31.6m to CPB.

CPB identified a number of specific projects for implementation internationally in pursuit of its purposes to the success of which The Charity now has had the opportunity to contribute to significantly.

Regular monitoring of the expenditure of this significant donation continues to occur ensuring The Charity's objectives continue to be met.

#### • Public Benefit

The Trustees have read and given due regard to the guidance on public benefit published by The Charity Commission in exercising their powers and duties.

# Report of the trustees (incorporating the strategic report) (continued)

For the year ended 31 December 2014

## Group strategic report

### Achievements and performance

The following is a summary of how the significant donation made in 2012 has been spent. The Trustees receive a detailed report, which lists an expenditure status project by project and extends several pages, thus providing the Trustees with the detail and ability to review that the funds are being used in line with the Charity's objectives. The values are in dollars as per the received report

Building Category	Location	Planned	Actual expenditure to date
		\$	\$
<b>Meeting Houses</b>	Europe	5,672,940	8,084,918
	West Africa	4,988,159	2,823,542
	Southeast Africa	24,693,217	6,981,974
Cancelled	Europe + Africa	(16,436,447)	-
Substitutions	Europe + Africa	28,098,697	22,001,829
<b>Church Education Facilities</b>	Various	5,664,968	4,771,064
	Additional (Bel Grano, Argentina)	-	1,287,705
<b>Temples</b>	London	656,130	1,198,102
	Accra Ghana	3,349,587	3,461,192
<b>TOTAL</b>		<b>56,687,251</b>	<b>50,610,326</b>

Originally the planned total was \$50,019,284, due to cancellations and substitutions in Southeast Africa, however, with additional projects and revised Temple project estimates, the new planned total was \$56,687,251. The final project spend was \$50,610,326. The Trustees are pleased with how quickly the funds have been able to be put to use and feel this supports their original decision that CPB were organised in such a way with the necessary resources to be able to expedite the use of these funds much more efficiently than if The Charity itself had gone through the necessary process to achieve similar results.

#### • Subsidiary undertakings

AgReserves Limited's principal activity continued to be that of arable farming and they operated a policy of generating the highest profits feasible from efficient farming techniques that utilise the latest technology. Anderson Farm (Buckworth) Limited has not traded since 2010.

AgReserves Limited leases all of the farmland owned by Farmland Reserve UK Limited and then farms that land. The Trustees are mindful that the small and somewhat scattered nature of some of the parcels of land do lead to some labour and equipment inefficiencies. The Trustees believe that this weakness in the operations of the farms can be overcome by consolidating land holdings around one major farm centre in Cambridgeshire. This process of consolidation began in 2008 and has continued through to 2014. During 2014 the Trustees approved the purchase of farmland near its major centre in Cambridgeshire at a cost of £630,345, in addition they were in negotiations for two further land parcels also near the major centre in Cambridgeshire.

The net income of the subsidiary AgReserves Limited included in the statement of financial activities was a profit of £803k (2013: £1,800k).

## Report of the trustees (incorporating the strategic report) (continued)

For the year ended 31 December 2014

### • Financial results

Each year The Trustees carry out a detailed review of The Charity. They review the previous year's achievements and review and approve the budgets for next year.

The end of the year saw a normalized operating year, whereas in recent prior years The Charity has seen the benefit from selling the outlying properties previously mentioned as part of their blocking-up process. All properties outside of its major operating centre in Cambridgeshire have now been sold.

Incoming resources decreased from £21,764k in 2013 to £6,993k in 2014 (2013 included the sale of Feltwell, which contributed a profit on disposal of £14,584k).

Income from trading subsidiary £6,558k (2013: £6,356k) and investment income £145k (2013: £263k)  
Other costs were maintained within budget but increased from £4,357k in 2013 to £5,174k in 2014. In 2012 a donation of £31,593,000 was made to CPB, no donation has been made in the current or prior year.

Incoming resources exceeded resources expended for the year by £1,819k (2013: £17,407k).

### • Investment policy and performance

Under the Articles of Association, The Charity has the power to invest in any way the Trustees deem to be in the best interests of The Charity.

The Charity's objective is to maintain high liquidity while ensuring maximum security and achieving the highest possible return.

To achieve this objective, The Charity by the year end had invested £43.7 million (2013: £42.1 million) of excess funds in an Instant Access Interest Bearing account with high security rating and achieved an average interest rate of 0.25% (2013: 0.50% gross) during 2014.

Investment income is recognised on a receivable basis.



## Report of the trustees (incorporating the strategic report) (continued)

For the year ended 31 December 2014

### Principal risks and uncertainties

#### • Financial risk and management

The main risk The Charity faces is that it relies on income from the leasing of all the farmland it owns to its subsidiary undertaking. The Charity has sufficient reserves to meet the needs of its charitable activities for the foreseeable future and has assurances of continuing support from the parent company.

Other forms of risks and the management of these risks are:

- Price risk – salary costs are communicated to staff during the formal annual review of salaries. Prices of materials purchased are subject to contracts with suppliers, based on current market prices.
- Credit risk – Credit risk on amounts owed to The Charity by its customers is low as the main debtor is AgReserves Limited which is a wholly owned subsidiary.
- Liquidity risk – The Charity has no long-term borrowings. Assurances of continuing financial support have been received from the parent company.
- Interest rate cash flow risk – The Charity is able to place surplus funds on short term deposit with the charity's bankers.

The Trustees have a risk management strategy which encompasses:

- An annual review of the risks The Charity may face;
- The establishment of systems and procedures to mitigate those risks identified in the strategy; and
- The implementation of procedures designed to minimise any potential impact on The Charity should those risks materialise.

#### • Key performance indicators (KPI)

To measure the effectiveness of The Charity's strategy and its implementation The Trustees have identified the following KPIs:

	2014	2013	2012	2011	2010
<b>Profitability of farming operations</b>	£1.8M	£3.0M	£1.7M	£2.9M	£2.5M
<b>Resources expended on charitable activities</b>	£0.3M	£0.3M	£31.9M	£7.1M	£3.1M
<b>Unrestricted funds</b>	£98.3M	£96.5M	£79.1M	£91.7M	£78.9M

## Report of the trustees (incorporating the strategic report) (continued)

For the year ended 31 December 2014

### ● Reserves policy

The Trustees have established the level of reserves (that is those funds that are freely available) that The Charity and its subsidiary companies ought to have ready access to. Reserves are needed to bridge any funding gap between spending and receiving resources through shareholder grants and leasing of farmland.

The Trustees' policy is to hold, as a minimum, the equivalent of approximately 12 months charitable expenditure in reserves.

The actual reserves at 31 December 2014 were £88,327k (2013: £86,508k) which is significantly above the Trustees' target due to retaining a portion for possible future agricultural acquisitions as part of its ongoing consolidation efforts.

In addition the Trustees wished to observe the successfulness of the previous large donation of £31,593k (which has now been reported as fully spent) ensuring it meets The Charity's objective before making more funds available, waiting for the completion of the donation use will also enable them to more effectively know where more funds may be needed.

It is the Trustees' view that it is prudent to ensure that there are sufficient reserves to provide financial flexibility.

The reserves policy is reviewed on an annual basis.

### Plans for future periods

The goals for 2016 include plans to:

1. Continue to enhance the profitability and efficiency of the farms through well reasoned acquisitions to achieve, over time, a concentration of land holdings around one major farm. Any future acquisitions will be funded from retained reserves.
2. Due to the success and now completion of the projects funded from the significant donation made in 2012, explore further opportunity to donate to CPB for further building projects that meet the The Charity's objectives. This will occur through formal meetings between the Trustees and CPB.
3. To carefully monitor the balance of unrestricted funds while striving to achieve the concentration efforts identified in goal one, so that funds can be put to the use of The Charity's objectives as swiftly as possible.
4. Identify other charitable organisations, trusts, associations or institutions formed for any of the charitable purposes included in the Objects, to support through the provision of sponsorship, grants or other financial or in kind contributions.

## Report of the trustees (incorporating the strategic report) (continued)

For the year ended 31 December 2014

### **Trustees' responsibilities statement**

The Trustees are responsible for preparing the Trustees' report (including the strategic report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Disclosure of information to auditor**

The Trustees confirm that:

- so far as each Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- The Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

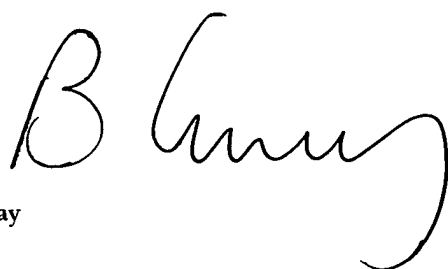
## Report of the trustees (incorporating the strategic report) (continued)

**For the year ended 31 December 2014**

### **Auditor**

The auditor, Grant Thornton UK LLP, has indicated its willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditor at a meeting of the Trustees.

This report, incorporating the strategic report, was approved by the Trustees, in their capacity as company directors, on 10 September 2015 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'B Conway', written in a cursive style.

**B M Conway**  
Trustee



## Independent Auditor's Report to the Members of Farmland Reserve UK Limited

We have audited the financial statements of Farmland Reserve UK Limited for the year ended 31 December 2014 set out on pages 13 to 32. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charity's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

### **Respective responsibilities of Trustees and auditor**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Charity's affairs as at 31 December 2014 and of the Group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' report (incorporating the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements.



## Independent Auditor's Report to the Members of Farmland Reserve UK Limited

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for out audit have not been received from branches not visited by us; or
- the parent Charity financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Grant Thornton UK LLP*

Kathryn Godfree (Senior statutory auditor)  
for and on behalf of Grant Thornton UK LLP

Statutory Auditor  
Chartered Accountants  
Birmingham  
10 September 2015

## Consolidated Statement of Financial Activities

(Incorporating Income and Expenditure Account)

For the year ended 31 December 2014

		Unrestricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
<b>Incoming resources</b>				
Incoming resources from generated funds:				
Voluntary income: Income from trading subsidiaries		6,558	6,558	6,356
Other operating income		-	-	2
Interest receivable		145	145	263
Profit on disposal of tangible fixed assets		290	290	15,143
<b>Total incoming resources</b>	5	<b>6,993</b>	<b>6,993</b>	<b>21,764</b>
<b>Resources expended</b>				
Costs of generating funds:				
Expenses of trading subsidiary		4,860	4,860	4,014
Charitable activities	3	305	305	333
Governance costs	2	9	9	10
<b>Total resources expended</b>	3	<b>5,174</b>	<b>5,174</b>	<b>4,357</b>
<b>Movement in total funds for the year - Net income for the year</b>		<b>1,819</b>	<b>1,819</b>	<b>17,407</b>
Total funds brought forward		96,508	96,508	79,101
<b>Total funds carried forward</b>		<b>98,327</b>	<b>98,327</b>	<b>96,508</b>

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 17 to 32 form part of these financial statements.

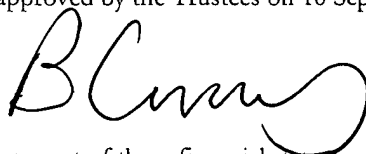
## Consolidated Balance Sheet

As at 31 December 2014

	Note	£000	2014 £000	£000	2013 £000
<b>Fixed assets</b>					
Tangible assets	11		48,688		47,600
Investments	12		5		5
			<u>48,693</u>		<u>47,605</u>
<b>Current assets</b>					
Stocks	14	4,861		5,324	
Debtors	15	1,042		1,620	
Cash at bank and in hand		44,330		42,762	
		<u>50,233</u>		<u>49,706</u>	
<b>Creditors:</b> amounts falling due within one year	16	(295)		(484)	
<b>Net current assets</b>			<u>49,938</u>		<u>49,222</u>
<b>Total assets less current liabilities</b>			<u>98,631</u>		<u>96,827</u>
<b>Provisions for liabilities</b>					
Deferred tax	17		(304)		(319)
<b>Net assets</b>			<u>98,327</u>		<u>96,508</u>
<b>Charity funds</b>					
Unrestricted funds:					
Share capital	18	10,000		10,000	
Unrestricted income funds	19	88,327		86,508	
Total unrestricted funds			<u>98,327</u>		<u>96,508</u>
<b>Shareholders' and Charity's funds</b>			<u>98,327</u>		<u>96,508</u>

The financial statements were approved by the Trustees on 10 September 2015 and signed on their behalf, by:

B M Conway, Trustee



The notes on pages 17 to 32 form part of these financial statements.



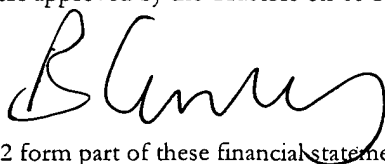
## Charity Balance Sheet

As at 31 December 2014

	Note	£000	2014 £000	£000	2013 £000
<b>Fixed assets</b>					
Tangible assets	11		46,610		45,303
Investments	12		9,450		9,450
			<u>56,060</u>		<u>54,753</u>
<b>Current assets</b>					
Debtors	15	4,300		4,400	
Cash at bank		28,673		28,955	
		<u>32,973</u>		<u>33,355</u>	
<b>Creditors:</b> amounts falling due within one year	16	(20)		(112)	
<b>Net current assets</b>			<u>32,953</u>		<u>33,243</u>
<b>Net assets</b>			<u>89,013</u>		<u>87,996</u>
<b>Charity funds</b>					
Unrestricted funds:	19				
Share capital	18	10,000		10,000	
Unrestricted income funds	19	79,013		77,996	
Total unrestricted funds			<u>89,013</u>		<u>87,996</u>
<b>Shareholders' and Charity's funds</b>			<u>89,013</u>		<u>87,996</u>

The financial statements were approved by the Trustees on 10 September 2015 and signed on their behalf, by:

B M Conway, Trustee



The notes on pages 17 to 32 form part of these financial statements.

## Consolidated Cash Flow Statement

For the year ended 31 December 2014

	Note	2014 £000	2013 £000
Net cash flow from operating activities	21	3,541	3,355
Returns on investments and servicing of finance	22	146	263
Taxation		(505)	(475)
Capital expenditure and financial investment	22	(1,614)	9,354
<b>Increase in cash in the year</b>		<b>1,568</b>	<b>12,497</b>

## Reconciliation of Net Cash Flow to Movement in Net Funds

For the year ended 31 December 2014

	2014 £000	2013 £000
Increase in cash in the year	1,568	12,497
<b>Movement in net funds in the year</b>	<b>1,568</b>	<b>12,497</b>
Net funds brought forward	42,762	30,265
<b>Net funds carried forward</b>	<b>44,330</b>	<b>42,762</b>

The notes on pages 17 to 32 form part of these financial statements.

# Notes to the Financial Statements

For the year ended 31 December 2014

## 1. Accounting Policies

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, applicable accounting standards and the Companies Act 2006.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the Charity and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

No separate SOFA has been presented for the Charity alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

### 1.2 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

### 1.3 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the organisation is legally entitled to the income and the amount can be quantified with reasonable accuracy. Rental income is recognised on a straight line basis over the period of the lease. Income from subsidiaries represents revenue recognised in respect of goods and services applied exclusive of VAT and trade discounts.

### 1.4 Resources expended

Expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources. Direct charitable expenditure comprises expenditure directly relating to the objects of The Charity.

Governance costs incorporate those costs of governance arrangements which relate to the general running of the charity as opposed to the direct management functions. The costs relating to these activities provide the governance infrastructure which allows The Charity to operate and to generate the information required for public accountability. An analysis of these costs is disclosed in note 2.

### 1.5 Going concern

The financial statements have been prepared on a going concern basis, despite forecasts not having been prepared for 12 months from the date of signing these accounts. The Trustees consider it appropriate to apply the going concern assumption given the significant cash balances and profits made by The Charity..

# Notes to the Financial Statements

For the year ended 31 December 2014

## 1. Accounting Policies (continued)

### 1.6 Basis of consolidation

The financial statements consolidate the accounts of Farmland Reserve UK Limited and all of its subsidiary undertakings for the year. All financial statements are made up to 31 December 2014. The consolidation has been prepared using the acquisition method of accounting. Under this method, the results of subsidiary undertakings acquired are included in the Statement of Financial Activities (SOFA) from the date of acquisition.

The Charity has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Income and expenditure account.

### 1.7 Turnover

Revenue from crop sales is recognised upon receipt of the goods by the customer. Whilst goods are in transit, the risk and reward of ownership remain with AgReserves Limited. Components of contract sales are recognised at the point of the relevant transaction, and in line with relevant accounting standards. Single farm payments and subsidy income are recognised in the period they relate to.

Revenue from leases is recognised on a straight line basis over the period of the lease.

### 1.8 Intangible fixed assets and amortisation

Intangible fixed assets represent purchased entitlements to receive the single farm payment subsidy. These are held at cost and amortised over their expected useful life.

### 1.9 Tangible fixed assets and depreciation

Individual fixed assets costing more than £5,000 are capitalised at cost.

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land	-	not depreciated
Plant and machinery	-	over 5 to 10 years
Land improvements	-	over 10 to 40 years
Equipment fixtures & fittings	-	over 5 to 10 years
Assets under construction	-	not depreciated
Farm houses and farm buildings	-	over 10 to 40 years

# Notes to the Financial Statements

For the year ended 31 December 2014

## 1. Accounting Policies (continued)

### 1.10 Investments

Fixed asset investments are stated at cost. Provision is made for any permanent diminution in value.

Investments represent cash on short-term deposit. The Charity's objective is to maintain liquidity of funds while ensuring maximum security and achieving the highest possible return. Investment income is recognised on an accruals basis.

#### (i) Subsidiary undertakings

Investments in subsidiaries are valued at cost less provision for impairment.

### 1.11 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the SOFA on a straight line basis over the lease term.

### 1.12 Stocks

Stocks and cultivations are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Provision is made for obsolete and slow-moving items. Costs include all direct costs and an appropriate proportion of fixed and variable overheads.

### 1.13 Deferred taxation

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more or less taxation in future. An asset is recognised to the extent that the transfer of economic benefits in future is more likely than not. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets and liabilities recognised are not discounted. This policy applies equally to subsidiary undertakings.

### 1.14 Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the SOFA.

# Notes to the Financial Statements

For the year ended 31 December 2014

## 1. Accounting Policies (continued)

### 1.15 Pensions

The group is party to a defined benefit scheme operated by The Church of Jesus Christ of Latter-day Saints (Great Britain), the Deseret UK Benefit Plans (see note 24). The fund is valued every three years by a professionally qualified independent actuary, with rates of contributions payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of contributions made during the year or accrued at the year-end (i.e. on a defined contribution basis), as required by Financial Reporting Standard 17 "Retirement Benefits" in circumstances where The Group cannot identify with any degree of accuracy its share of the scheme assets and liabilities. The Charity provides no other past retirement benefits to its employees.

Full details of the plan are provided in the financial statements of The Church of Jesus Christ of Latter-day Saints (Great Britain).

### 1.16 Single farm payment

Single payments are receivable on an annual basis. The annual payment is recognised in the year the application applies to. Due to the regular variation in when payment occurs, this is recognised either by accrual or upon receipt of payment.

### 1.17 Liabilities

Liabilities are recognised when the group has a legal or constructive financial obligation that can be reliably estimated and for which there is an expectation that the payment will be made.

## 2. Governance costs

	Total funds 2014 £000	Total funds 2013 £000
The Charity only auditor remuneration	9	10

# Notes to the Financial Statements

For the year ended 31 December 2014

## 3. Analysis of resources expended by expenditure type

	Staff costs 2014 £000	Other costs 2014 £000	Total 2014 £000	Total 2013 £000
Fundraising expenses	758	4,102	4,860	4,014
<b>Costs of generating funds</b>	<b>758</b>	<b>4,102</b>	<b>4,860</b>	<b>4,014</b>
Depreciation	-	292	292	304
Operating costs	-	13	13	29
<b>Charitable activities</b>	<b>-</b>	<b>305</b>	<b>305</b>	<b>333</b>
<b>Governance</b>	<b>-</b>	<b>9</b>	<b>9</b>	<b>10</b>
	<b>758</b>	<b>4,416</b>	<b>5,174</b>	<b>4,357</b>

## 4. Analysis of resources expended by activities

	Support costs 2014 £000	Total 2014 £000	Total 2013 £000
Depreciation	292	292	304
Operating costs	13	13	29
<b>Total</b>	<b>305</b>	<b>305</b>	<b>333</b>

Support costs are allocated on the basis of usage.

## 5. Incoming resources

Voluntary Income: Income from trading subsidiaries is attributable to the principal activity of the subsidiary company, AgReserves Limited.

Interest receivable is interest from bank accounts in both companies.

All turnover arose within the United Kingdom.

# Notes to the Financial Statements

For the year ended 31 December 2014

## 6. Net incoming resources

This is stated after charging/(crediting):

	2014 £000	2013 £000
Depreciation of tangible fixed assets:		
- owned by the charitable group	796	568
Auditor's remuneration	22	23
Auditor's remuneration - non-audit	4	4
Amortisation of intangible assets	-	185
Profit on disposal of fixed assets	(290)	(15,143)
Operating lease rentals - other operating leases	13	10
	<u>13</u>	<u>10</u>

## 7. Staff costs

Staff costs for The Group were as follows:

	2014 £000	2013 £000
Wages and salaries	521	484
Social security costs	128	74
Other pension costs	109	110
	<u>758</u>	<u>668</u>

The average monthly number of employees of the group during the year was as follows:

	2014 No.	2013 No.
Production and administration	16	15
	<u>16</u>	<u>15</u>

The Charity does not have any employees. During both 2014 and 2013, no Trustees of The Charity received any remuneration, benefits in kind or reimbursement of expenses.

## 8. Directors' remuneration

	2014 £000	2013 £000
Remuneration from subsidiary company	97	-
	<u>97</u>	<u>-</u>

The director, who is also a trustee, received remuneration from the subsidiary company in relation to services as a director of the subsidiary.



# Notes to the Financial Statements

For the year ended 31 December 2014

## 9. Taxation

As a registered charity, The Charity is entitled to certain tax exemptions on income and profits carried on in furtherance of The Charity's primary objectives if the profits and surpluses are applied solely for charitable purposes. Tax paid by the subsidiary companies is reconciled below.

	2014 £000	2013 £000
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b>		
UK Corporation tax charge on surplus for the year	237	489
Adjustments in respect of prior periods	11	4
	<hr/>	<hr/>
Total current tax	248	493
	<hr/>	<hr/>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(14)	54
Effect of increased tax rate on opening liability	-	-
Adjustments in respect of prior periods	(1)	-
	<hr/>	<hr/>
Total deferred tax	(15)	54
	<hr/>	<hr/>
<b>Tax on surplus on ordinary activities</b>	<hr/> <b>233</b> <hr/>	<hr/> <b>547</b> <hr/>

### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - lower than) the standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%). The differences are explained below.

	2014 £000	2013 £000
Surplus on ordinary activities before tax - AgReserves Limited	<hr/> <b>1,036</b> <hr/>	<hr/> <b>2,347</b> <hr/>
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%)	<b>223</b>	546
Expenses not deductible for tax purposes	-	42
Adjustments to tax charge in respect of prior periods	11	4
Depreciation in excess of capital allowances	14	(99)
	<hr/>	<hr/>
<b>Current tax charge for the year</b>	<hr/> <b>248</b> <hr/>	<hr/> <b>493</b> <hr/>

# Notes to the Financial Statements

For the year ended 31 December 2014

## 10. Intangible fixed assets

	Single farm payment entitlements £000
<b>Group</b>	
<b>Cost</b>	
At 1 January 2014 and 31 December 2014	315
<b>Amortisation</b>	
At 1 January 2014 and 31 December 2014	315
<b>Net book value</b>	
At 31 December 2014	-
At 31 December 2013	-

# Notes to the Financial Statements

For the year ended 31 December 2014

## 11. Tangible fixed assets

Group	Freehold land £000	Plant and machinery £000	Land improvements and fixtures & fittings £000	Assets in the course of construction £000	Farm houses & farm buildings £000	Total £000
<b>Cost</b>						
At 1 January 2014	37,075	4,405	349	115	9,520	51,464
Additions	630	424	69	-	933	2,056
Disposals	(2)	(545)	-	-	(63)	(610)
Transfer between classes	-	-	-	(115)	115	-
At 31 December 2014	<u>37,703</u>	<u>4,284</u>	<u>418</u>	<u>-</u>	<u>10,505</u>	<u>52,910</u>
<b>Depreciation</b>						
At 1 January 2014	-	2,108	84	-	1,672	3,864
Charge for the year	-	504	14	-	278	796
On disposals	-	(406)	-	-	(32)	(438)
At 31 December 2014	<u>-</u>	<u>2,206</u>	<u>98</u>	<u>-</u>	<u>1,918</u>	<u>4,222</u>
<b>Net book value</b>						
At 31 December 2014	<u>37,703</u>	<u>2,078</u>	<u>320</u>	<u>-</u>	<u>8,587</u>	<u>48,688</u>
At 31 December 2013	<u>37,075</u>	<u>2,297</u>	<u>265</u>	<u>115</u>	<u>7,848</u>	<u>47,600</u>

Charity	Freehold land £000	Land imp'ments £000	Equipment fixtures & fittings £000	Assets in the course of construction £000	Farm houses and farm buildings £000	Total £000
<b>Cost</b>						
At 1 January 2014	37,075	312	37	115	9,520	47,059
Additions	630	69	-	-	933	1,632
Disposals	(2)	-	-	-	(63)	(65)
Transfer between classes	-	-	-	(115)	115	-
At 31 December 2014	<u>37,703</u>	<u>381</u>	<u>37</u>	<u>-</u>	<u>10,505</u>	<u>48,626</u>
<b>Depreciation</b>						
At 1 January 2014	-	53	31	-	1,672	1,756
Charge for the year	-	13	1	-	278	292
On disposals	-	-	-	-	(32)	(32)
At 31 December 2014	<u>-</u>	<u>66</u>	<u>32</u>	<u>-</u>	<u>1,918</u>	<u>2,016</u>
<b>Net book value</b>						
At 31 December 2014	<u>37,703</u>	<u>315</u>	<u>5</u>	<u>-</u>	<u>8,587</u>	<u>46,610</u>
At 31 December 2013	<u>37,075</u>	<u>259</u>	<u>6</u>	<u>115</u>	<u>7,848</u>	<u>45,303</u>

# Notes to the Financial Statements

For the year ended 31 December 2014

## 12. Fixed asset investments

Group	Listed securities £000
Cost and net book value	
At 1 January 2014 and 31 December 2014	5

The market value of listed investments, which are included above at cost of £5,176, as at 31 December 2014 was £16,667 (2013: £18,175).

Charity	Shares in group undertakings £000
Cost and net book value	
At 1 January 2014 and 31 December 2014	9,450

Details of the subsidiary undertakings are included in Note 13.

## 13. Principal subsidiaries

Company name	Country	Percentage Shareholding	Description
AgReserves Limited	England	100%	Farming
Anderson Farm (Buckworth) Limited	England	100%	Dormant

Anderson Farm (Buckworth) Limited has been dormant since 2010. A summary of the results and net asset position of AgReserves Limited is included below.

### Assets and liabilities of subsidiaries

	2014 £000	2013 £000
Aggregate assets	23,642	20,860
Aggregate liabilities	(4,877)	(4,697)
Net assets	18,765	16,163

# Notes to the Financial Statements

For the year ended 31 December 2014

## Net income of trading subsidiaries

	2014 £000	2013 £000
Turnover	6,661	6,462
Cost of sales	(4,819)	(3,905)
Gross surplus	1,842	2,557
Admin expenses	(906)	(846)
Operating surplus	936	1,711
Profit on sale of fixed assets	51	560
Interest receivable and similar income	49	76
Taxation	(233)	(547)
Net income for the year	803	1,800
<b>Consolidation eliminations:</b>		
Rent payable to parent undertaking (included in expenses)	1,099	1,284
Management fees receivable from parent undertaking (included in turnover)	(103)	(106)
Net income of trading subsidiaries included in the Statement of Financial Activities	1,799	2,978

## 14. Stocks

	Group	
	2014 £000	2013 £000
Cultivations	2,149	2,256
Crop in store	2,712	3,068
	4,861	5,324

# Notes to the Financial Statements

For the year ended 31 December 2014

## 15. Debtors

	<u>Group</u>		<u>Charity</u>	
	2014	2013	2014	2013
	£000	£000	£000	£000
Trade debtors	881	1,418	-	157
Amounts owed by group undertakings	-	-	4,300	4,243
Corporation tax repayable	45	-	-	-
Other debtors	-	82	-	-
Prepayments and accrued income	116	120	-	-
	<u>1,042</u>	<u>1,620</u>	<u>4,300</u>	<u>4,400</u>

## 16. Creditors:

Amounts falling due within one year

	<u>Group</u>		<u>Charity</u>	
	2014	2013	2014	2013
	£000	£000	£000	£000
Trade creditors	48	22	1	8
Corporation tax	-	218	-	-
Other taxation and social security	117	83	8	74
Other creditors	22	31	-	-
Accruals and deferred income	108	130	11	30
	<u>295</u>	<u>484</u>	<u>20</u>	<u>112</u>

# Notes to the Financial Statements

For the year ended 31 December 2014

## 17. Deferred taxation

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
At beginning of year	319	265
(Released during)/charge for the year (P&L)	(15)	54
At end of year	<b>304</b>	<b>319</b>

The provision for deferred taxation is made up as follows:

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Accelerated capital allowances	275	265
Other short term timing differences	29	54
	<b>304</b>	<b>319</b>

## 18. Share capital

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
<b>Authorised</b>		
25,000,000 Ordinary shares of £1 each shares of £1 each	<b>25,000</b>	<b>25,000</b>
<b>Allotted, called up and fully paid</b>		
10,000,000 Ordinary shares of £1 each shares of £1 each	<b>10,000</b>	<b>10,000</b>

# Notes to the Financial Statements

For the year ended 31 December 2014

## 19. Statement of funds

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Carried Forward £000
<b>Unrestricted funds</b>				
Share capital	10,000	-	-	10,000
Reserves	86,508	6,993	(5,174)	88,327
	<u>96,508</u>	<u>6,993</u>	<u>(5,174)</u>	<u>98,327</u>

## Summary of funds

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Carried Forward £000
General funds	96,508	6,993	(5,174)	98,327

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Statement of Financial Activities.

The profit for the year dealt with in the accounts of the parent charitable company was £1,016k (2013: £15,608k).

## 20. Analysis of net assets between funds

	Unrestricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Tangible fixed assets	48,688	48,688	47,600
Fixed asset investments	5	5	5
Current assets	50,232	50,232	49,706
Creditors due within one year	(294)	(294)	(484)
Provisions for liabilities and charges	(304)	(304)	(319)
	<u>98,327</u>	<u>98,327</u>	<u>96,508</u>



# Notes to the Financial Statements

For the year ended 31 December 2014

## 21. Net cash flow from operations

	2014 £000	2013 £000
Net incoming resources	1,819	17,407
Returns on investments and servicing of finance	(146)	(263)
Tax charge	233	548
Depreciation of tangible fixed assets	796	1,028
Surplus on disposal of tangible fixed assets	(288)	(15,143)
Decrease/(increase) in stocks	462	(874)
Decrease in debtors	638	652
Increase in creditors	27	-
<b>Net cash inflow from operations</b>	<b>3,541</b>	<b>3,355</b>

## 22. Analysis of cash flows for headings netted in cash flow statement

	2014 £000	2013 £000
<b>Returns on investments and servicing of finance</b>		
Interest received	146	263
<b>Taxation</b>		
Corporation tax paid	(505)	(475)
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	-	(184)
Purchase of tangible fixed assets	(1,904)	(19,018)
Proceeds from sale of tangible fixed assets	290	28,556
<b>Net cash (outflow)/inflow capital expenditure</b>	<b>(1,614)</b>	<b>9,354</b>

## 23. Analysis of changes in net funds

	1 January 2014 £000	Cash flow £000	Other non-cash changes £000	31 December 2014 £000
Cash at bank and in hand:	42,762	1,568	-	44,330
<b>Net funds</b>	<b>42,762</b>	<b>1,568</b>	<b>-</b>	<b>44,330</b>

# Notes to the Financial Statements

For the year ended 31 December 2014

## 24. Pension commitments

The group participates in a pension scheme operated by The Church of Jesus Christ of Latter-day Saints (Great Britain), the Deseret UK Benefit Plans ("the Plan"). The scheme is of the defined benefit type and is funded by contributions from the participating companies and their employees at rates determined by independent actuaries in the light of regular valuations. Such contributions are held in trustee-administered funds completely independent of group finances. Full disclosure of the valuation is shown in the accounts of The Church of Jesus Christ of Latter-day Saints (Great Britain). The group has accounted for the scheme as if it was a defined contribution scheme because it is not feasible to split the assets and liabilities of the scheme between all the companies whose employees are members. Contributions to the scheme for the year were £109,156 (2013: £109,571).

## 25. Operating lease commitments

At 31 December 2014 the Group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014	2013	2014	2013
Group	£000	£000	£000	£000
Expiry date:				
Within 1 year	4	4	-	-
Between 2 and 5 years	-	4	-	-

## 26. Related party transactions

The immediate and ultimate parent company of The Group is Farmland Reserve, Inc., a company incorporated in the United States of America.

The company has taken advantage of FRS 8 and not included details of transactions with subsidiary companies that are included in these consolidated accounts.

The largest and smallest group of undertakings for which group accounts are drawn up is the Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints, which is a charity based in the USA.

## 27. Capital commitments

The Group had no capital commitments at 31 December 2014 (2013: £nil).